



FILED
8-03-16
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a
Successor to Existing Net Energy Metering
Tariffs Pursuant to Public Utilities Code Section
2827.1, and to Address Other Issues Related to
Net Energy Metering.

Rulemaking 14-07-002
(Filed July 10, 2014)

**OPENING COMMENTS OF THE INTERSTATE RENEWABLE ENERGY
COUNCIL, INC. REGARDING ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING PROPOSALS AND COMMENTS ON IMPLEMENTATION OF
ASSEMBLY BILL 693**

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August 3, 2016

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I. INTRODUCTION

On March 4, 2016, President Picker, the assigned commissioner in Rulemaking (R.) 14-07-002, issued a Second Amended Scoping Memo and Ruling of Assigned Commissioner (Second Amended Scoping Memo), beginning Phase II of this proceeding. In the Second Amended Scoping Memo, Commissioner Picker identified implementation of Assembly Bill (AB) 693 as one issue to be addressed in this next phase, along with policy alternatives for disadvantaged communities and several other topics.¹ On July 8, 2016, Administrative Law Judge (ALJ) Simon issued a Ruling Seeking Proposals and Comments on Implementation of AB 693, which solicited comments on an extensive set of questions. Accordingly, the Interstate Renewable Energy Council, Inc. (IREC) submits these brief comments. IREC focuses on the ALJ’s overarching question regarding the major purpose or purposes of the implementation of the AB 693 Multifamily Affordable Solar Housing Roofs Program (Program), as well as

¹ Second Amended Scoping Memo at 5-6.

questions 8 (solar plus energy storage), 9 (incentives for solar plus energy storage), 13(d) and 14 (tariff structures).

As explained in more detail in prior filings, IREC is a 501(c)(3) non-partisan, non-profit, independent organization working nationally to expand and simplify consumer access to reliable and affordable distributed clean energy. The scope of IREC's work includes: expanding programs that facilitate consumers' ability to host a renewable energy system to directly self-supply energy needs or provide energy to the grid; implementing shared renewable energy programs to expand options for consumers that cannot host a renewable energy system; and assisting states with policies that facilitate deployment of distributed energy storage to increase renewable energy utilization on the grid, and to enable customers to capture the benefits and savings from these systems.

II. RESPONSES TO QUESTIONS FOR COMMENT

In its findings and declarations in AB 693, the Legislature gives some insight into the purposes of the Program by identifying various relevant state priorities and goals. Slightly paraphrased, these are:

- (a) Provide assistance to low-income utility customers to make sure they can afford to pay their energy bills.
- (b) Reduce the costs of the energy utilities' California Alternate Rates for Energy (CARE) program and thus support the long-term ability of the CARE program to meet the needs of low-income customers.
- (c) Provide local economic development benefits while advancing the state's renewable energy policies and policies to reduce emissions of greenhouse gases.
- (d) Allocate a minimum of 25 percent of Greenhouse Gas Reduction Fund moneys to projects that provide benefits to disadvantaged communities and 10 percent to projects in disadvantaged communities.
- (e) Make qualifying solar energy systems more accessible to low-income and disadvantaged communities and, as in the case of the Program, install those systems in a manner that represents the geographic diversity of the state.

(f) Install qualifying solar energy systems that have a generating capacity equivalent to at least 300 megawatts (MW) for the express purpose of lowering the energy bills of tenants at low-income multifamily housing.

IREC suggests that the Commission view these priorities and goals as a starting point for the range of purposes of the Program. From IREC's perspective, making solar more accessible to low-income energy consumers and those in disadvantaged communities (letter (e) above) is especially important. These consumers have historically not had access to solar energy and their communities have often borne the negative effects of conventional generation; improving their access promotes fairness and equity in the state's solar programs, and allows these customers to receive the bill savings and other benefits that other customers have enjoyed to date.

The goal of AB 693 to broaden access to solar energy to low-income customers and disadvantaged communities meshes with AB 327's mandate for the Commission to include in its net energy metering successor tariff "specific alternatives designed for growth among residential customers in disadvantaged communities."² Indeed, AB 693 explicitly indicates that the Program "may count toward" the satisfaction of the AB 327 mandate, and the Commission has elected to implement AB 693 within the second phase of this proceeding regarding AB 327, along with other alternative policies for disadvantaged communities.³ IREC again emphasizes the importance of considering additional, alternative policies, beyond AB 693, to improve access to solar and growth of renewable energy within disadvantaged communities to meet the AB 327

² Cal. Pub. Util. Code § 2827.1(b)(1) .

All following statutory references are to Cal. Pub. Util. Code.

³ § 2870(b)(1); Second Amended Scoping Memo, at 5-6 (March 4, 2016) (including "alternatives for disadvantaged communities" and "implementation of AB 693" on the list of issues to be considered in the second phase of this proceeding).

mandate.⁴ These alternatives should complement AB 693, and seek to address barriers to access for these communities not addressed by AB 693. These alternatives could likewise help to realize more fully AB 693’s purpose of making solar more accessible to low-income customers and those in disadvantaged communities, and installing those systems in a manner that represents the geographic diversity of the state. IREC looks forward to continued consideration of these policy alternatives later in this proceeding.

8. A Solar Energy System Paired with a Storage Device Would Meet the Definition in Section 2870(a)(4), and Incorporation of Energy Storage Into the Program Could Help to Maximize the Value of Solar Energy and Further AB 693’s Goals.

An important link exists between distributed solar energy generation and energy storage systems because the latter can provide a critical role in resolving the intermittent nature of the former and can effectively address many of the current challenges of accommodating higher penetrations of solar energy on the utilities’ distribution systems. Moreover, because energy storage systems enable consumers to rely more on distributed solar energy generation, they provide greater ability to control energy costs, optimize electricity service quality, and reduce energy use. Because these benefits of storage would help maximize solar energy’s value for low-income communities and the distribution grid, incorporating energy storage into solar energy systems would further AB 693’s purpose.

Energy storage paired with solar energy systems falls comfortably within the definition in Public Utilities Code section 2870(a)(4) of a “solar energy system,” so long as the storage system

⁴ See Reply Comments on Assembly Bill 693 of the Interstate Renewable Energy Council, Inc., 1-3 (Nov. 9, 2015) (noting that nearly all parties agreed that multiple, complementary alternatives are necessary to address barriers facing customers in disadvantaged communities and meet the AB 327 mandate); Opening Comments on Assembly Bill 693 of the Interstate Renewable Energy Council, Inc., at 2-7 (Nov. 2, 2015) (explaining how, although AB 693 could overcome some of the barriers facing disadvantaged communities, it does not overcome all of them and thus does not offer a “complete response” to the AB 327 obligation).

is only charging from the solar system. The California Energy Commission's (CEC) Guidelines for California's Solar Electric Incentive Programs, developed pursuant to Public Resources Code section 25782, provides that solar energy systems shall have the "primary purpose" of collecting and distributing solar energy for electricity generation. A storage system that only charges from the paired solar system and not from the utility grid would fit within, and not conflict with, this "primary purpose." It should be noted that the Commission, in separate proceedings, has already developed a policy framework for ensuring storage systems charge only from the solar energy system with which they are paired.⁵ IREC therefore supports including solar energy systems paired with storage within the Program.

9. Incentives for Solar Energy Systems Paired with Storage Devices Would Likely Be Necessary to Allow for Such Systems to Participate, Given the Current Status of the Market and the Program's Target Population.

IREC supports allowing the use of energy storage systems, with or without an additional incentive. Nonetheless, if the Commission chooses to move forward with incorporating storage into the program, some level of incentives would likely be warranted given current costs of storage, which remain relatively high, and the intent of this Program to target low-income customers. In developing and designing incentives, the Commission should recognize that energy storage has enormous potential, as described immediately above, to add value and usefulness to solar energy systems. To the extent incentives for energy storage paired with solar energy systems can be designed to capture some of this value for low-income customers and

⁵ See D.14-05-033, R.12-11-005, Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering Generation Facilities, at 40 (May 23, 2014); D.16-04-020, R.12-11-005, Decision Adopting Net Energy Metering Bill Credit Estimation Methodology for Generating Facilities Paired with Small Storage Devices, at 37-38 (April 28, 2016).

disadvantaged communities over the long term, without undermining the other goals of the Program, IREC supports their adoption.

13(d), 14. The Program Implicates and Should Make Use of the Utilities’ Existing Virtual Net Energy Metering Tariffs to Allocate Bill Credits to Participating Low-Income Customers, Although These Tariffs May Require Modifications to Work Within the Program.

Section 2870(g)(1) requires that low-income tenants participating in the Program “shall receive credits on utility bills from the program. The Commission shall ensure that utility bill reductions are achieved through tariffs that allow for the allocation of credits, such as virtual net metering tariffs designed for MASH Program participants, or other tariffs that may be adopted by the Commission pursuant to Section 2827.1.” Section 2870(g)(2) requires that the Commission ensure that the tariffs used within the Program provide a “direct economic benefit from the qualifying solar energy system” to participating low-income tenants. The utilities’ virtual net energy metering (VNM or NEM-V) tariffs would accomplish both of these goals. IREC suggests that an appropriately modified version of the NEM-V tariff should be the sole available tariff under the Program.

The Commission originally established VNM as part of the Multifamily Affordable Solar Housing (MASH) program, effectively the predecessor to the AB 693 Program, with the explicit goal of allocating benefits to tenants: “We will adopt the Staff’s VNM proposal, with some modifications, because it facilitates the flow of benefits to tenants from a solar energy system installed by a building owner on an affordable housing complex. The VNM concept allows the output of a single solar energy system to be shared with tenants in multifamily housing, without master metering hardware or site-specific infrastructure upgrades, which may be cost

prohibitive.”⁶ Later the Commission expanded the availability of VNM to all customers under a similar rationale: “to allow residential, commercial, and industrial customers who now fund CSI through their rates to receive the benefits of the installation of a solar energy system and net energy metering.”⁷ In its most recent decision in this docket, the Commission approved the continuation of VNM under the modified net metering framework, stating that it “allows multi-meter property owners to allocate bill credits generated from the renewable generation system to multiple service accounts associated with the property.”⁸ Thus the utilities’ NEM-V (and MASH-VNM) tariffs have allowed and continue to allow for the allocation of “direct economic benefit from the qualifying solar energy systems” to participating customers via their utility bills, and provide an appropriate tariff structure for the Program, especially given their success within the MASH program.

IREC expects, however, that the current NEM-V tariffs may require modifications to satisfy all of the requirements of the Program. In the past, the utilities used two separate tariffs for their MASH and general market VNM tariffs, and it seems likely that two distinct tariffs may be required in this instance given the eligibility requirements and other restrictions associated with the Program. In addition, IREC suggests that the Commission consider the implications of mandatory time-of-use (TOU) rates for low-income customers participating in the Program and that it may be appropriate to exempt participating customers, at least for some period of time.⁹

⁶ D.08-10-036, R.08-03-008, Decision Establishing Multifamily Affordable Solar Housing Program Within the California Solar Initiative, at 33 (Oct. 20, 2008).

⁷ D.11-07-031, R.10-05-004, California Solar Initiative Phase One Modifications, at 16-18 (July 20, 2011).

⁸ D.16-04-044, Decision Adopting Successor to Net Energy Metering Tariff, at 98 (Feb. 5, 2016).

⁹ *See id.* 120 (Ordering ¶ 5 stating that in implementing their respective net energy metering successor tariffs, the utilities “must each ensure that every residential customer interconnecting pursuant to the net energy metering successor tariff is placed on an appropriate and available time of use rate, including a

These customers are already financially sensitive and face numerous barriers to access to renewable energy, as discussed in prior party comments in this docket. Moreover, they typically have limited ability to respond to grid-related price signals in the ways TOU rates would require, although the incorporation of energy storage into the Program, as discussed above, may help to alleviate this issue, at least to some extent. Regardless, IREC recommends that, as part of the implementation of the Program, the Commission require utilities to modify their successor NEM-V tariffs as needed to accommodate the particular requirements of the Program.

III. CONCLUSION

IREC appreciates the opportunity to provide these comments and looks forward to continued participation in this proceeding.

DATED: August 3, 2016

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pilot time of use rate if relevant.”). This requirement has been incorporated to the utilities’ successor NEM-V tariffs, as well. *See, e.g.*, PG&E Advice Letter 4802-E (Feb. 29, 2016) (implementation of various NEM tariffs).